

STATE OF SOUTH CAROLINA  
 COUNTY OF GREENVILLE  
 IN THE COURT OF COMMON PLEAS

FORM 4

JUDGMENT IN A CIVIL CASE

CASE NO. 2008 CP-23-02321

RECEIVED

MAY 22 2015

SC Court of Appeals

Garry Hoyt

CollaborativeMed, LLC and

PLAINTIFF(S)

Richard L. Grounell  
 DEFENDANT(S)

Submitted by: O. W. Bannister

Attorney for :  Plaintiff  
 or  Defendant  
 Self-Represented Litigant

DISPOSITION TYPE (CHECK ONE)

- JURY VERDICT. This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.
- DECISION BY THE COURT. This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered.  See Page 2 for additional information.
- ACTION DISMISSED (CHECK REASON):  Rule 12(b), SCRPC;  Rule 41(a), SCRPC (Vol. Nonsuit);  Rule 43(k), SCRPC (Settled);  Other
- ACTION STRICKEN (CHECK REASON):  Rule 40(j), SCRPC;  Bankruptcy;  Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award;  Other
- DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX):  
 Affirmed;  Reversed;  Remanded;  Other

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED:  See attached order (formal order to follow)  Statement of Judgment by the Court:

ORDER INFORMATION

This order  ends  does not end the case.

Additional Information for the Clerk :

INFORMATION FOR THE JUDGMENT INDEX

Complete this section below when the judgment affects title to real or personal property or if any amount should be enrolled. If there is no judgment information, indicate "N/A" in one of the boxes below.

Judgment in Favor of (List name(s) below)	Judgment Against (List name(s) below)	Judgment Amount To be Enrolled (List amount(s) below)
n/a		\$
		\$
		\$

If applicable, describe the property, including tax map information and address, referenced in the order:

The judgment information above has been provided by the submitting party. Disputes concerning the amounts contained in this form may be addressed by way of motion pursuant to the SC Rules of Civil Procedure. Amounts to be computed such as interest or additional taxable costs not available at the time the form and final order are submitted to the judge may be provided to the clerk. Note: Title abstractors and researchers should refer to the official court order for judgment details.

Circuit Court Judge

Judge Code

Date



STATE OF SOUTH CAROLINA  
COUNTY OF GREENVILLE

IN THE COURT OF COMMON PLEAS  
THIRTEENTH JUDICIAL CIRCUIT

Garry Hoyt,  
Plaintiff,

C.A. No. 2008-CP-23-02321

vs.

**FINAL ORDER**

CollaborativeMed, LLC, and  
Richard L. Grounsell,  
Defendants.

FILED-CLERK OF COURT  
GREENVILLE CO. S.C.  
PAUL B. WICKENS-EMERY  
2015 MAY 5 AM 11:24

This matter is before the Court on the Plaintiff's (Garry Hoyt) Motion for a new trial or for the alternative to Amend or alter this Court's Judgment filed on July 29, 2014. The Plaintiff's Motion is that the Court never ruled on Hoyt's breach of fiduciary claim and erroneously ruled in holding the Defendant Grounsell's action in the formation of a corporation, Glucotec, Inc. was fair to be Glucotec, Inc. pursuant to SC Code § 33-88-310(c).

The findings of facts by the court are set out in the Final Order of July 17, 2014 and need not be repeated in detail. Facts necessary to address the motion are set out however.

In 2005 Grounsell, Hoyt and a doctor verbally agreed to form a corporation to market a medical device called a Glucometer. At that time neither Hoyt nor Grounsell had any rights to the Glucometer and it could not be marketed to the public without Federal Drug Administration approval. Never the less, the parties agreed that each would own a one-third interest in the corporation.

Hoyt made some efforts to obtain customers for the Glucometer. He was later repaid for his expenses. Grounsell put up substantial personal funds to organize the business enterprise to include getting FDA approval and incorporating the business entity. At one point Grounsell needed funds to obtain the rights to the Glucometer so he could move forward. To secure the necessary funding Grounsell persuaded his family to put up money in an LLC (Collaborative

Med, LLC) to secure FDA approval. In exchange for this investment the five Grounsell family members were to receive an equal share of stock in Glucotec Inc., in exchange for their rights in the Glucometer.

Following the infusion of capital by Collaborative Med, LLC, Grounsell was able to obtain FDA approval of the marketing of the Glucometer and to incorporate Glucotec, Inc.

During the organization of Glucotec, Inc. Hoyt agreed to become a one-fourth owner of shares in Glucotec, Inc. along with an expanded group who received founder shares as well as Hoyt.

Once Glucotec, Inc. was organized, the corporation transferred 18,129,000 shares to the Grounsell limited liability company (Collaboration Med., LLC) in exchange for the rights to the Glucometer. Hoyt claims he is entitled to 25% of their stock (4,532,266 shares) based on the oral agreement in 2005 that he would be a one-third owner of the shares of Glucotec, Inc., which was later amended to a one-fourth owner.

Hoyt asserts that Grounsell owed him a fiduciary duty as a promoter or founder of Glucotec, Inc. and that is a correct statement of the law.

Hoyt's position that he should be awarded 25% of the stock used to obtain the product that Glucotec was to market is a perversion of that principle.

Grounsell's actions must be viewed in the light of economic and factual reality. At the time of the initial discussion about setting up a corporation to market the Glucometer, neither Grounsell nor Hoyt had the right to market the Glucometer and, indeed, the Glucometer could not be marketed without FDA approval. No written agreement was prepared or signed and no one bound themselves to pay for the anticipated expenses.

Following the initial meeting, Hoyt made some effort to fulfill his part of the bargain in approaching potential customers. Whatever funds or expenses he incurred he was reimbursed for.

While Hoyt was exploring the market for the Glucometer, Grounsell was spending substantial funds and making a substantial effort to advance the project. He reached a point where he needed money to keep the project going. At this point no corporation had been formed and no FDA approval had been obtained.

Grounsell turned to his family and entered into an arrangement with them to put up the money to secure the rights to the Glucometer in exchange for stock in the yet to be incorporated business to market the device. Without this infusion of capital the project could not go forward. After Glucotec, Inc. was formed, Glucotec, Inc. purchased the rights to the Glucometer in exchange for 18,129,066 shares of Glucotec, Inc. stock paid to Collaborative Med, LLC. Hoyt claims the 2005 discussion that he would be a one-third owner of Glucotec, Inc. entitled him to his portion of this stock.

Here are the factual positions of the parties. Hoyt had some monetarily small expenses in contacting customers for which he was reimbursed. He also had some time involved.

Grounsell had personal funds invested in seeking FDA approval and in setting up Glucotec, Inc. to market the Glucometer. Grounsell's family members had put up money in Collaborative Med, LLC to buy the rights to the Glucometer.

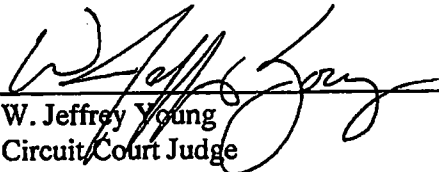
Without Grounsell's efforts, money and time, the project would never have gotten started. Without the Grounsell family money being invested through Collaborative Med, LLC the project would never have gotten started.

The Court finds these efforts and funds were devoted toward a common goal of marketing the Glucometer successfully. In reality Hoyt benefitted from these efforts and the

monetary advances of other people. Rather than violating any fiduciary duty owed to Hoyt, the Court finds the actions of Grounsell actually benefitted Hoyt and ultimately delivered to him a windfall for which he invested no money and very little time. The Court finds no violations of any fiduciary duty owed to Hoyt under these facts.

Finally, Hoyt seeks to set aside this Court's findings that Grounsell's actions benefitted the corporation and the failure to follow requirements for corporate meetings should be excused. After considering the matter, the Court declines to change its decision.

AND IT IS SO ORDERED!

  
W. Jeffrey Young  
Circuit Court Judge

Date: 29 April 2015